



MSRP E-NEWS

A newsletter from the Board of Trustees of the Maryland Teachers & State Employees Supplemental Retirement Plans

Americans' Savings Rate Hits 70 Year Low

Did you spend less than you earned last year after taxes? It sounds like an odd question, but if your answer is yes, you did better than the average American.

For only the third time ever, the savings rate for 2005 reached into negative territory, a negative 0.5%, according to the U.S. Department of Commerce. This means that not only did Americans spend all their income after taxes, but they also dipped into their savings to increase spending.

The only other years with a negative savings rate were two years during the Great Depression. Here are some tips that may help you do better this year:

- Develop a budget and reduce unnecessary expenses, so you will have more money available to save.
- Increase your deferrals to your MSRP plans.
- Establish a savings plan for other non-retirement goals. The most successful way to do this is through direct deposit or automatic deduction from your checking account.
- Pay off your credit card balances as quickly as possible to reduce interest charges.
- If you continue to use a credit card, pay off all charges each month.